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Chairwoman Lea Marquez Peterson
Arizona Corporate Commission Commissioner's Wing
1200 West Washington – 2nd Floor
Phoenix, AZ 85007
(602) 542-3625
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Re: Arizona Public Service Company's 2021 Distributed Demand-Side Resources Request for Proposal (June 30, 2021)

Dear Chairwoman Peterson,

I am writing this letter on behalf of Enphase Energy. Enphase is a leading advanced inverter and energy storage technology provider largely focused on residential and small commercial markets. The company sells its products and services in over 130 countries and holds a dominant market share in the residential solar market in the United States. Enphase is also a grid services provider to load serving entities and is evolving its suite of energy solutions focused on whole home/building and vehicle electrification as well as grid resiliency solutions for vulnerable communities. Enphase has a vested interest in the sustainable development of the distributed energy resource market to ensure reliable clean energy access for all consumers.

It is with this interest in mind that Enphase conveys herein to the Arizona Corporation Commission ("Commission") its concerns with Arizona Public Service Company's ("APS") 2021 Distributed Demand-Side Resources Request for Proposal ("RFP"), released on June 30, 2021, and attached hereto. Enphase decided not to respond to the RFP because of prohibitive gating requirements and is not, through this letter, requesting the Commission to void the RFP, nor interested in revisiting its decision to respond to it. Rather, as an industry leader, Enphase is simply voicing its concern about these requirements to help ensure that future Arizona RFPs attract the highest caliber of respondents, and that the resulting projects are positioned for success. Further, because the Commission directed APS to undertake this RFP¹, Enphase

¹ ACC Docket No. E-01345A-19-0148 (Decision Nos. 77762 and 77855).

believes the Commission has the authority and vested interest to assess its efficacy. Specifically, Enphase's concerns are as follows:

1. \$10,000 Non-Refundable Proposal Fee: Enphase was disappointed to see that APS required a non-refundable \$10,000 fee to respond to the RFP.² Notwithstanding Enphase's ability to dedicate significant financial resources towards impactful projects, it is not willing to allot such a significant amount for the opportunity to respond to a competitive RFP. For this reason, Enphase is concerned that this requirement will stifle participation, particularly from smaller companies.
2. Execution of Confidentiality Agreement Within Three Weeks of RFP Launch: Further, APS required bidders to upload an executed confidentiality agreement within three weeks of RFP launch or be disqualified from participation.³ Similarly, Enphase views this gating requirement as out of step with RFP norms, and potentially chilling for sophisticated organizations that exercise legal care and due diligence. Moreover, it is unclear why such an agreement would be necessary, particularly at such an early stage of the bidding process. While APS states that the agreement is a predicate to provide "more complete information on project locations"⁴ - six Phoenix-area feeders being targeted for Product B - Enphase does not believe such confidential information is necessary to develop or assess a proposal, at least not until much later in the process. Requiring the execution of an unnegotiated legal agreement within three weeks of bid issuance, and even before bid submittal, is yet another impediment to getting broad and full participation.
3. Onerous Third-Party Risk Review Form: In addition, APS required respondents to answer an *annotated 157-line* risk-review questionnaire, attached hereto, as part of their proposals. While Enphase appreciates the value of cybersecurity in grid services projects, and places high priority on its own cybersecurity protocols, requiring respondents to answer such a voluminous and labor-intensive questionnaire at the bidding stage is again inconsistent with comparable RFPs and unnecessary at this stage. Rather, APS should require bidders to affirm conformance with its cyber security policies, which it provided as Exhibit H of the RFP package, on the understanding that there would be a deeper discussion, which could include such a questionnaire, at the short-list or award/contracting stage. Requiring it up-front creates yet another barrier to full participation from qualified and interested respondents.
4. Requiring Participants to Purchase APS-Owned Meters at Their Expense: Finally, APS asserts that "load reductions must be verifiable by using APS-owned AMI metering" and that "[p]articipants with customer-sited generation will be required to have or install a

² Arizona Public Service Company Distributed Demand-Side Resources Request for Proposal ("RFP"), p.27.

³ RFP at 25-26.

⁴ *Id.* at 33.



separate production AMI meter at their expense, for purposes of establishing a baseline load.”⁵ Enphase has never encountered a requirement for prospective participants to install a utility-owned AMI meter at their own expense. This requirement effectively precludes participation from low-and moderate-income individuals, giving rise to equity and efficacy concerns with the program.

In sum, Enphase shares these concerns with the Commission without expectation or request, but merely to leverage its experience and market standing to position Arizona distributed energy resource projects for success. Because the Commission directed APS to undertake this solicitation⁶, Enphase believes the Commission has the authority and vested interest to ensure that the RFP is designed with a high likelihood of achieving the Commission’s objective. While Enphase has decided not to respond to this RFP for the reasons described above, it looks forward to participating in future projects to help Arizona transition to a clean and resilient electricity grid. We appreciate your consideration and would be happy to discuss any of the above.

Sincerely,

A handwritten signature in black ink, appearing to read 'Raghuvaran Nall'.

cc: Commissioner Sandra Kennedy
Commissioner Jim O’Connor
Commissioner Justin Olson
Commissioner Anna Tovar

⁵ *Id.* at 18.

⁶ ACC Docket No. E-01345A-19-0148 (Decision Nos. 77762 and 77855).